

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1565

Introduced by Committee on Insurance (Coto (Chair), Garrick (Vice Chair), Blakeslee, Charles Calderon, Carter, Feuer, Hayashi, Nava, Niello, and Torres)

March 12, 2009

An act to amend ~~Section 100~~ Sections 779.11, 1765, and 11659 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1565, as amended, Committee on Insurance. Insurance.

Existing law ~~divides insurance into specified classes of insurance~~ regulates insurance, as specified.

This bill would ~~include homeowner's insurance as a class of insurance~~ make technical, nonsubstantive changes to specified provisions regulating insurance.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 **SECTION 1.** *Section 779.11 of the Insurance Code is amended*
2 *to read:*

3 779.11. The provisions of subdivisions ~~(d) and (e)~~ (f) and (g)
4 of Section 10291.5 shall be applicable to the withdrawal of the
5 approval of forms, whether of life or disability insurance, required
6 by this article to be filed with or approved by the commissioner.

1 *SEC. 2. Section 1765 of the Insurance Code is amended to*
2 *read:*

3 1765. (a) A license under this chapter shall be applied for and
4 renewed by the filing with the commissioner of a written
5 application therefor, in accordance with Section 1652.

6 (b) Subject to subdivision (f), the commissioner shall issue a
7 license authorizing any applicant who is trustworthy and competent
8 to transact an insurance brokerage business in a manner as to
9 safeguard the interest of the insured, to act as a surplus line broker
10 from the date of the license until the expiration date specified in
11 Section 1630.

12 (c) An applicant for a surplus line broker's license shall, as part
13 of the application and a condition of the issuance of the license,
14 file a bond to the people of the State of California in the sum of
15 fifty thousand dollars (\$50,000), conditioned that the licensee will
16 fully and faithfully comply with the requirements of this chapter,
17 and all applicable provisions of this code. The bond shall be subject
18 to Sections 1662 and 1663. A surplus line broker bond is not
19 required for an individual licensed as a surplus line broker who
20 only transacts on behalf of a licensed surplus line broker
21 organization.

22 (d) The filing fee for a license to act as a surplus line broker
23 shall be one thousand dollars (\$1,000) every two years, or for any
24 initial fractional license year. For an individual licensed as a surplus
25 line broker who only transacts on behalf of a surplus line broker
26 organization, the filing fee shall be five hundred dollars (\$500)
27 every two years, or for any initial fractional license year. Every
28 applicant for a business entity license, as provided in subdivision
29 (a) of Section 1765.2, shall provide the names of all persons who
30 may exercise the power and perform the duties under the license.
31 Whenever an organization licensed as a surplus line broker desires
32 to change, remove, or add to the natural person or persons who
33 are to transact insurance under authority of its license, it shall
34 immediately file an application or notice with the commissioner
35 for an endorsement changing its license accordingly, on a form
36 prescribed by the commissioner. The fee for adding or removing
37 from any surplus line broker's license issued to an organization
38 the name of any natural person, named thereon, shall be
39 twenty-four dollars (\$24). The commissioner shall require that the
40 qualifying examination provided by subdivision (a) of Section

1 1676 be taken by any natural person named by the organization
2 to exercise its agency or brokerage powers who would be required
3 to take and pass the qualifying examination. That natural person
4 or persons and the organization are in all other respects subject to
5 the provisions of this chapter and the insurance laws.

6 (e) The department is authorized to collect additional license
7 fees resulting from the increases in ~~licensee~~ *license* fees provided
8 by the act that adds this subdivision Chapter 29 of the Statutes of
9 2008 and shall credit any overpayment resulting from reductions
10 in license fees provided by that act.

11 (f) A business entity licensed under this chapter shall provide
12 two hours of appropriate training to its employees who solicit,
13 negotiate, or effect insurance coverage placed by a nonadmitted
14 insurer. The training shall be given to each eligible employee every
15 five years. The surplus line advisory organization authorized
16 pursuant to Chapter 6.1 (commencing with Section 1780.50) shall
17 develop the curriculum for the training.

18 (g) The license shall be renewed in accordance with, and subject
19 to, Sections 1717, 1718, 1719, and 1720.

20 (h) The commissioner may deny, suspend, or revoke any license
21 applied for or granted pursuant to this chapter on all or any one of
22 the grounds and in accordance with the procedures provided in
23 Article 6 (commencing with Section 1666) and Article 13
24 (commencing with Section 1737) of Chapter 5, whenever the
25 commissioner finds that the applicant or licensee has committed
26 a violation of any provision of this code.

27 *SEC. 3. Section 11659 of the Insurance Code is amended to*
28 *read:*

29 11659. ~~Such~~ *The* approved form of policy, limited pursuant to
30 Section 11657, shall not be otherwise limited except by
31 ~~indorsement~~ *endorsement* thereon in accordance with a form
32 prescribed by the commissioner or in accordance with rules adopted
33 by the commissioner. ~~Such indorsement~~ *The endorsement* form
34 shall not be subject to Section 11658. Before prescribing ~~such~~
35 ~~indorsement~~ *the endorsement* form or adopting ~~such~~ *a* rule, the
36 commissioner shall consult concerning it with the Workers'
37 Compensation Appeals Board.

38 ~~SECTION 1. Section 100 of the Insurance Code is amended~~
39 ~~to read:~~

40 100. ~~Insurance in this state is divided into the following classes:~~

- 1 ~~(1) Life.~~
- 2 ~~(2) Fire.~~
- 3 ~~(3) Marine.~~
- 4 ~~(4) Title.~~
- 5 ~~(5) Surety.~~
- 6 ~~(6) Disability.~~
- 7 ~~(7) Plate glass.~~
- 8 ~~(8) Liability.~~
- 9 ~~(9) Workmen's compensation.~~
- 10 ~~(10) Common carrier liability.~~
- 11 ~~(11) Boiler and machinery.~~
- 12 ~~(12) Burglary.~~
- 13 ~~(13) Credit.~~
- 14 ~~(14) Sprinkler.~~
- 15 ~~(15) Team and vehicle.~~
- 16 ~~(16) Automobile.~~
- 17 ~~(17) Mortgage.~~
- 18 ~~(18) Aircraft.~~
- 19 ~~(19) Mortgage guaranty.~~
- 20 ~~(19.5) Insolvency.~~
- 21 ~~(19.6) Legal insurance.~~
- 22 ~~(19.7) Homeowner's insurance.~~
- 23 ~~(20) Miscellaneous.~~